

Factors Influence Corporate Social Responsibility Disclosure

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Abstract

This study aims to analyze factors influence Corporate Social Responsibility Disclosure in palm oil plantation companies in Indonesia and Malaysia. This study analyzes influences of total assets, profitability, leverage, independent proportion of commissioners, the proportion of independent audit committee. This study is conduct on financial reports published in Indonesia and Malaysia. Methods of data collection are taken from the annual financial statements in Indonesia Stock Exchange of 17 companies and Bursa Malaysia of 22 companies. Data analysis techniques used multiple regressions. The results showed that; 1) there is no influence of total asset, profitability, leverage, and proportion of independent audit committee in palm oil plantation companies in Indonesia and Malaysia; 2) there is influence of independent board of commissioner on CSR disclosure practices in palm oil plantation companies Indonesia and Malaysia.

Keywords: *corporate social responsibility disclosure independent proportion of commissioners, the proportion of independent audit committee*

Abstrak

Penelitian ini bertujuan untuk menganalisis faktor-faktor yang mempengaruhi Pengungkapan Tanggung Jawab Sosial Perusahaan pada perusahaan perkebunan kelapa sawit di Indonesia dan Malaysia. Penelitian ini menganalisis pengaruh total aset, profitabilitas, leverage, proporsi komisaris independen, proporsi komite audit independen. Studi ini dilakukan pada laporan keuangan yang diterbitkan di Indonesia dan Malaysia. Metode pengumpulan data diambil dari laporan keuangan tahunan di Bursa Efek Indonesia dari 17 perusahaan dan Bursa Malaysia dari 22 perusahaan. Teknik analisis data menggunakan regresi berganda. Hasil penelitian menunjukkan bahwa; 1) tidak ada pengaruh total aset, profitabilitas, leverage, dan proporsi komite audit independen di perusahaan perkebunan kelapa sawit di Indonesia dan Malaysia; 2) terdapat pengaruh dewan komisaris independen terhadap praktik pengungkapan CSR di perusahaan perkebunan kelapa sawit Indonesia dan Malaysia.

Kata kunci: *pengungkapan tanggung jawab sosial perusahaan, proporsi komisaris independen, proporsi komite audit independen*

INTRODUCTION

The plantation sector, palm oil, has become a famous of investment in Indonesia and Malaysia, where 85% of the world's palm oil demand is produce in Indonesia and Malaysia. World palm oil production is dominated by Indonesia and Malaysia. Both countries account for about 85-90% of total world palm oil production. Palm oil plantation activities often certainly influence the surrounding environment. There is positive impact, however not a few is classify as negative become social problem. Those problems can see from environment damage and human right. In Indonesia, Institute for Policy Research and Advocacy Noted cases involving member of Roundtable on Sustainable Palm Oil (RSPO) in palm oil plantation companies that already signed in the RSPO complaints mechanism. PT Bangun Nusa Mandiri (2009) without approved communities West Kalimantan when opening the plantation area, this company displaces the ancestral cemetery, fields, and residential community with an area of about 600 hectares. In Bengkulu, PT. Sandabi Indah Lestari, intimidating people who complained about the RSPO mechanism, took over the land of transmigrants and committed criminalization.

In the Malaysian State of Sarawak, there has been a debate over whether there is a suitable level of consultation with the community of longterm prior to the development of local land for palm oil plantations. Malaysia as the second largest palm oil producer has pledged to conserve at least 50 percent of its total land area as a forest. In 2010, 58 percent of Malaysia became a forest. Oil palm cultivation has been criticized for: Greenhouse gas emissions, tropical deforestation account for about 10 percent of man-made CO₂ emissions and drivers to dangerous climate change. Reduce biodiversity, including damage to biodiversity. In the states of Sarawak and Kalimantan on the island of Borneo and the Malaysian state of Sabah, Cultivation of crops on indigenous peoples land.

Differences corporate social responsibility (CSR) disclosure practices in Indonesia and Malaysia. The development social disclosure system related to the development accounting system. Standards of disclosure practice influenced by financial resources, legal systems, political ties, and economies, levels of economic development, educational level, culture, and other influences. Corporate governance and finance in different companies are caused differences in disclosure in each country. Assets show the performance undertaken by the company, the higher the total asset, the better the performance the company, so the CSR disclosure of the company will get a positive feedback from stakeholders in the form of enhancing the company's reputation and stakeholder decision- making in the form of buying shares, loan capital, and purchase products, improving company performance including financial performance (Yuliana et al, 2008).

Hanafi & Halim (2007) state that profitability measures the ability of companies to generate profits at the level of sales, assets, and capital stock. Measured CSR disclosure practices is using profit margin, return on asset (ROA), and return on equity (ROE). According to Irmawati (2011), the leverage ratio is the proportion of total debt to the average shareholder equity. The higher the level of leverage (the debt/equity ratio) the more likely it will be to break the credit agreement so that the company will seek to report higher earnings now, with higher reported earnings will reduce the possibility of companies violating debt agreements. Under agency theory, corporate management with a

high level of leverage will reduce the disclosure of social responsibility made to not be in the spotlight of the debt holders.

Ujiyantho and Bambang (2007) said independent commissioner is the best position to carry out monitoring function to create a good corporate governance company. An independent commissioner may act as a mediator, supervise and advise management. A larger proportion of independent commissioners will encourage management to disclose voluntary information, among them social disclosure. Supriyono (2013) state that a heavy audit committee requires not only the ability but also the amount sufficient to be optimal in performing their duties. The greater the number of audit committees the more effective they will be in overseeing the quality of financial statement disclosure, including CSD. Therefore, more audit committee members improve the quality of social disclosure. Said et al., (2009) found that the audit Proportion of the committee positively influenced CSR disclosure.

The corporate social responsibility disclosure (CSR disclosure) is an accounting concept that takes into the transparency of social disclosure on corporate social responsibility (CSR), including voluntary disclosures regarding the social and environmental impacts life caused by the activities of the company (Restuningdiah, 2010). According to Law no. 40 articles 74 of 2007 companies engaged in business activities and or related to natural resources shall be obliged to carry out corporate social responsibility (Lako, 2016). This issue prompt a question "How is the practice of corporate social responsibility (CSR) disclosure conducted by palm oil plantation companies go public in Indonesia and Malaysia, is there any difference if compared with each other?"

METHOD

Population in this research is Palm Oil Plantation Company go public in Indonesia and Malaysia. This study uses data from annual statements of palm oil Plantation Company in Indonesia and Malaysia. The sampling technique in this research is done based on certain criteria or called judgment sampling. Source of data derived from annual statements published by the company concerned. The data obtained from Indonesia stock exchange website are selected 17 palm oil company, and Bursa Malaysia website are 21 palm oil company. Sample from this research is Palm Oil Plantation Company go public in Indonesia and Malaysia for their last 4 years annual report (2013-2016).

This research is using multiple regressions as a tool of analysis. The mathematical tools that proposed in this research are

$$CSR = \alpha + \beta_1 Asset + \beta_2 Profit + \beta_3 Lev + \beta_4 ICI + \beta_5 AC + \varepsilon$$

Where:

CSR is CSR disclosure

Asset is total assets of the companies

Profit is profitability of the companies

Lev is leverage of the companies

ICI is independent commissioners independent

AC is audit committee

RESULT AND DISCUSSION

Based on Table 1, the result has been concluded that regression coefficient which is the interaction between corporate assets against corporate social responsibility disclosure shows the value -0.796 with significance of 0.428. The result showed that assets have no effect on corporate social responsibility disclosure in the report of palm oil plantation in Indonesia and Malaysia listed as Indonesia Stock Exchange and Bursa Malaysia. The result has been concluded as there is no influence of assets in the corporate social responsibility disclosure in palm oil company in Indonesia and Malaysia. This is not an agreement that CSR disclosure of the company will get a positive feedback from stakeholders in the form of enhancement of corporate reputation and decision-making stakeholders in the form, loan capital, and purchase products, thereby improving company performance including financial performance (Yuliana et al, 2008).

Tabel 1. Regression Analysis

Model	Coefficients	Std error	tstat	Sig
C	.121	.019	6.310	.000
Assets	-2.388E-0.10	.000	-.796	.428
Profitability	.016	.040	.391	.697
Leverage	.022	.014	1.557	.124
Independent Commisioners Independent	.043	.019	2.313	.023
Audit Committee	-.010	.015	-.688	.494

Based on the research, the result has been concluded that regression coefficient which is the interaction between corporate profitability to corporate social responsibility disclosure shows the value of 0.391 with significance of 0.697. The result showed that profitability companies have no effect on corporate social responsibility disclosure in the report on palm oil plantation in Indonesia and Malaysia listed on the Indonesia Stock Exchange and Bursa Malaysia. Corporate social responsibility disclosure in palm oil company in Indonesia and Malaysia. This does not indicate that the better the profitability of the firm the better the social disclosure of the company, because according to Haniffa and Cooke (2005) the most likely explanation of the relationship that management has the freedom and flexibility to the disclosure of its social programs to the public, demonstrating the company's contribution towards improving the welfare of communities around the company.

The interaction between corporate leverage to corporate social responsibility disclosure shows the value of 1.557. The result showed that leverage companies have no influence on corporate social responsibility disclosure in the report on oil palm plantation in Indonesia and Malaysia listed in Indonesia Stock Exchange and Bursa Malaysia. There is no influence of leverage in the corporate social responsibility disclosure in palm oil Company in Indonesia and Malaysia. This indicates the greater the leverage of the company, the smaller the social disclosure.

Based on the result concluded that the interaction between the size of the board independent corporate commissioners to corporate social responsibility disclosure shows the value of 2.313. The result showed that the size of the board independent commissioners company has a Malaysia listed on the Indonesia Stock Exchange and Bursa Malaysia. There is

influence of the proportion of independent commissioners in the corporate social responsibility disclosure in palm oil Company in Indonesia and Malaysia. Independent commissioners represent a ratio of the percentage of the number of commissioners who come from outside the company (independent commissioner) against the number of members of the board of commissioners of the company.

The result has been concluded that the interaction between the size of the board independent corporate commissioners to corporate social responsibility disclosure shows the value -0.688. The result showed that the size of the board independent commissioners company has an influence on corporate social responsibility disclosure in the report of palm oil plantations in Indonesia and Malaysia listed in Indonesia Stock Exchange and Bursa Malaysia. Board of Commissioners Considered as the highest internal control mechanism who is responsible for monitoring top management actions related to corporate social responsibility disclosure So that the pressure on management will also be greater to disclose. There is no Influence of the proportion of independent audit committee in the corporate social responsibility disclosure in palm oil Company in Indonesia and Malaysia.

CONCLUSION

The result concluded that: First, there is no influence of total asset, profitability, leverage, and proportion of independent audit committee in palm oil plantation companies in Indonesia and Malaysia. Second, there is influence of independent board of commissioner on CSR disclosure practices in palm oil plantation companies Indonesia and Malaysia. Recommendations from the author are further research is better to use a range of small years because the concept of corporate social responsibility company every year it is almost same with same activity. Further research is better to use a larger number of companies as it shows more variations of social disclosure. Further research should use other items apart from the Global Reporting Initiative to measure social disclosure.

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